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STATE DOCUMENTS

# MONTANA STATE RAIL PLAN

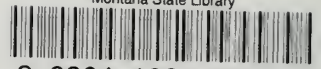


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PLANNING  
WORK STATEMENT

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# MONTANA STATE RAIL PLAN

## Phase I

Planning Work Statement  
49 C.F.R. 266.9(c)

Submitted

to

Federal Railroad Administration  
UNITED STATES DEPARTMENT OF TRANSPORTATION

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Submitted

by

OFFICE OF RAIL PLANNING  
Office of the Governor, Thomas L. Judge  
STATE OF MONTANA

---

February 1, 1977

Gene J. Carroll  
Director of Rail Planning  
Helena, Montana  
59601





State of Montana  
Office of The Governor  
Helena 59601

THOMAS L. JUDGE  
GOVERNOR

February 1, 1977

File No.: 216.120114194

Mr. Asaph H. Hall, Administrator  
Federal Railroad Administration  
Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

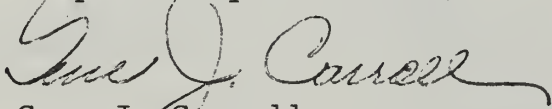
Dear Mr. Hall:

SUBJECT: State of Montana's Application for Planning  
Assistance under Sec. 803, Railroad Revita-  
lization and Regulatory Reform Act of 1976,  
P.L. 94-210; 49 C.F.R. 266.9(g).


This document represents Phase I of the State Rail Plan of Montana as required by sections 266.5(a)(1) and 266.9(c), Code of Federal Regulations (49 C.F.R. 266.5(a)(1); 49 C.F.R. 266.9(c)), and respectfully submits an application and planning work statement to satisfy eligibility requirements for planning assistance to the State of Montana.

Our methodological approach to the State Rail Plan -- Phase II -- is presented in this statement. In addition, a preliminary overview of the State's policy toward rail transportation and the planning process is included.

Respectfully submitted,

  
Gene J. Carroll  
Director of Rail Planning

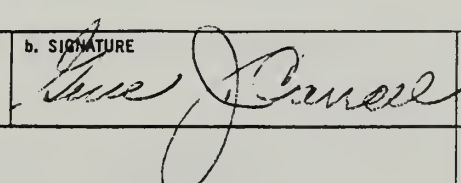
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<b>FEDERAL ASSISTANCE</b>		2. APPLICANT'S APPLICATION	a. NUMBER <b>77-1</b>	3. STATE APPLICATION IDENTIFIER	a. NUMBER
1. TYPE OF ACTION (Mark appropriate box) <input type="checkbox"/> PREAPPLICATION <input checked="" type="checkbox"/> APPLICATION <input type="checkbox"/> NOTIFICATION OF INTENT (Cpt.) <input type="checkbox"/> REPORT OF FEDERAL ACTION		b. DATE Year month day 19 <b>77</b> <b>2</b> <b>1</b>	b. DATE Year month day ASSIGNED 19 <b>76</b> <b>11</b> <b>24</b>		
4. LEGAL APPLICANT/RECIPIENT a. Applicant Name : Office of Rail Planning b. Organization Unit : Office of the Governor c. Street/P.O. Box : See Section IV d. City : Helena e. County : Lewis & Clark f. State : Montana g. ZIP Code: 59601 h. Contact Person (Name & telephone No.) : Gene J. Carroll (406) 449-3144		5. FEDERAL EMPLOYER IDENTIFICATION NO.		6. PRO-GRAM (From Federal Catalog) a. NUMBER PL   9   4   •   2   1   0   b. TITLE State Rail Planning	
7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT Planning Work Statement Phase I Montana State Rail Plan  To implement a Montana State Rail Plan under P.L. 94-210		8. TYPE OF APPLICANT/RECIPIENT A-State H-Community Action Agency B-Interstate I-Higher Educational Institution C-Substate J-Indian Tribe D-County District K-Other (Specify): E-City F-School District G-Special Purpose District Enter appropriate letter <b>A</b>		9. TYPE OF ASSISTANCE A-Basic Grant D-Insurance B-Supplemental Grant E-Other C-Loan Enter appropriate letter(s) <b>A</b>	
10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.) State of Montana		11. ESTIMATED NUMBER OF PERSONS BENEFITING 700,000		12. TYPE OF APPLICATION A-New C-Revision E-Augmentation B-Renewal D-Continuation Enter appropriate letter <b>A</b>	
13. PROPOSED FUNDING a. FEDERAL \$ 100,000 .00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER .00 f. TOTAL \$ 100,000 .00		14. CONGRESSIONAL DISTRICTS OF: a. APPLICANT b. PROJECT 16. PROJECT START DATE Year month day 19 <b>76</b> <b>11</b> <b>1</b> 17. PROJECT DURATION <b>20</b> Months 18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY Year month day 19 <b>77</b> <b>2</b> <b>1</b>		15. TYPE OF CHANGE (For 12c or 12e) A-Increase Dollars F-Other (Specify): B-Decrease Dollars C-Increase Duration D-Decrease Duration E-Cancellation N/A Enter appropriate letter(s) <b>A</b>	
20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code) Federal Railroad Administration (See Section IV)		21. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No			
22. THE APPLICANT CERTIFIES THAT a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved. b. If required by OMB Circular A-95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached:		(1) Montana State Clearinghouse (2) (3)		No response attached <input type="checkbox"/> <input checked="" type="checkbox"/>	
23. CERTIFYING REPRESENTATIVE a. TYPED NAME AND TITLE Gene J. Carroll b. SIGNATURE  c. DATE SIGNED Year month day 19 <b>77</b> <b>2</b> <b>1</b>		24. AGENCY NAME		25. APPLICATION RECEIVED Year month day 19	
26. ORGANIZATIONAL UNIT		27. ADMINISTRATIVE OFFICE		28. FEDERAL APPLICATION IDENTIFICATION	
29. ADDRESS		30. FEDERAL GRANT IDENTIFICATION			
31. ACTION TAKEN <input type="checkbox"/> a. AWARDED <input type="checkbox"/> b. REJECTED <input type="checkbox"/> c. RETURNED FOR AMENDMENT <input type="checkbox"/> d. DEFERRED <input type="checkbox"/> e. WITHDRAWN		32. FUNDING a. FEDERAL \$ .00 b. APPLICANT .00 c. STATE .00 d. LOCAL .00 e. OTHER .00 f. TOTAL \$ .00		33. ACTION DATE Year month day 19 34. STARTING DATE Year month day 19 35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number) 36. ENDING DATE Year month day 19 37. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No	
38. FEDERAL AGENCY A-95 ACTION		a. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part 1, OMB Circular A-95, it has been or is being made.		b. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)	

**SECTION IV-REMARKS** *(Please reference the proper item number from Sections I, II or III, if applicable)*Section I -- Item 4:

- a.: Office of Rail Planning
- b.: Office of the Governor
- c.: Airport Way - Building West  
1300 Cedar Street
- d.: Helena
- e.: Lewis & Clark
- f.: Montana
- g.: 59601
- h.: Gene J. Carroll
- : (406) 449-3144

Section I -- Item 20:

Federal Railroad Administration  
Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590



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### MONTANA RAILROAD TRANSPORTATION POLICY

It is hereby declared to be the railroad transportation policy of the State of Montana that the continued health and welfare of its citizens demand a viable railroad transportation system, adequate to meet our economic needs and necessities; to encourage, promote, and support safe, adequate, economical, and efficient rail service in the private sector; to foster the establishment and maintenance of just and reasonable charges for transportation services rendered; to cooperate with the railroads, other States, and the Federal Government; all to the end of developing and preserving a privately owned railroad system, as part of Montana's total transportation system, adequate to meet the needs of our citizens and their commerce.





# P R E F A C E

State interest in rail line abandonment or service discontinuance stems from the potentially severe impacts that affected local communities may experience from cessation of rail service.

One of the main tasks of state rail planning is to determine objectively what those impacts are likely to be on a line-by-line basis. This requires a careful probing of the current economic situation and short-to-medium term expectations for each major rail service user located on the light-density line. Such analysis must recognize the uncertainties involved in projecting rail service user effects of light-density line abandonment. Such analysis also requires careful consideration of the impacts of change upon local communities -- their employment, their transportation network, and their ability to adapt to change.

The Planning Work Statement is a preliminary statement of policy and charts future planning work to be undertaken by Montana.

The Montana State Rail Plan will be the implementation of the study design established in this Planning Work Statement which is intended to provide a planning process for the objective, decision-making procedure by which projects are selected for assistance or services are rejected as unnecessary.

GENE J. CARROLL





**PHASE  
ONE  
STATEMENT**







# MONTANA STATE RAIL PLAN

## PHASE I

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Planning Work Statement<sup>1/</sup>

49 C.F.R. 266.9(c)

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### I. INTRODUCTION

The Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210) has as its goal to provide the means to rehabilitate and maintain the physical facilities, improve the operations and structure, and restore the financial stability of the railroad system of the United States, and to promote the revitalization of such railway system, so that this mode of transportation will remain viable in the private sector of the economy and will be able to provide energy-efficient, ecologically compatible transportation services with greater efficiency, effectiveness, and economy.

In both the Regional Rail Reorganization Act of 1973 (Public Law 91-236) and the Railroad Revitalization and Regulatory Reform Act of 1976, it was acknowledged that

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<sup>1/</sup> Submitted to the Federal Railroad Administration, February 1, 1977, on behalf of Thomas L. Judge, Governor of the State of Montana.

a private railroad industry can no longer be expected to provide services for which the revenues to be realized are less than the cost of providing the service. The Regional Rail Reorganization Act with its emphasis on light density freight lines in the Northeastern Region indicated that if it is in the public interest to continue services that are viable in the public sector, then the government must assume financial responsibility and underwrite some part of the losses. Thus, a subsidy program was established to provide for the continuation of essential local rail services. The more recent Railroad Revitalization and Regulatory Reform Act of 1976 further extends this principle of government subsidies for essential services to the entire nation and expands the options for use of subsidy funds to include non-railroad alternatives when such alternatives are more cost effective than the continuation of rail services.

Sections 802 and 803 of the 4R Act significantly change the laws governing the abandonment of rail lines and the discontinuance of rail service, and also establish a \$360 million five-year program of Federal assistance for the continuation of local rail freight services which otherwise might be discontinued or abandoned.

Section 1a of the Interstate Commerce Act (49 U.S.C. 1a) changes the abandonment and discontinuance provisions in three principal respects. First, abandonment and discontinuance applications to the I.C.C. must be processed to conclusion within certain rigid time limits. Second, the type of public notice required to be given by a railroad proposing to abandon a line or discontinue service is greatly expanded. In particular, railroads must submit to the I.C.C. and publish diagrams of their transportation systems, identifying lines potentially subject to abandonment and those as to which abandonment applications are planned. Third, if any responsible person (including a government entity) offers to subsidize continued operation of a line, or to acquire all of any part of such line with a view to continuing operations over it, the I.C.C. must defer the issuance of a certificate authorizing abandonment or discontinuance for a reasonable time, not exceeding seven months, as necessary to permit a binding assistance or purchase agreement to be entered into.

Sections 5(f)-(o) of the Department of Transportation Act (49 U.S.C. 1654(f)-(o)) direct the Secretary of Transportation to provide financial assistance to states for rail freight assistance programs that are to cover (1) the cost of rail service continuation payments; (2) the

cost of purchasing rail properties; (3) the cost of rehabilitating and promoting rail properties; and (4) the cost of reducing the costs of lost rail service in a manner less expensive than continuing service. The Federal share of this assistance program is 100 percent for the period July, 1976-June, 1977; 90 percent for the period July, 1977-June, 1978; 80 percent for the period July, 1978-June, 1979; and 70 percent for the period July, 1979-June 1981. During the first two years this national assistance program is not available to the 17 states and the District of Columbia which are eligible for rail service continuation assistance under Section 402 of the 3R Act.

Statutory Eligibility Requirements. A State is eligible to receive rail service assistance under the Act if:<sup>2/</sup>

(1) such State has established an adequate plan for rail service in such State as part of an overall planning process for all transportation services in such State, including a suitable process for up-dating, revising, and amending such plan;

(2) such State plan is administered or coordinated by a designated State agency and provides for the equitable distribution of resources;

(3) such State agency (a) has authority and administrative jurisdiction to develop, promote, supervise, and support safe, adequate, and efficient rail transportation

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<sup>2/</sup> Section 5(j), 49 U.S.C. 1654.

services, (b) employes or will employ, directly or indirectly, sufficient trained and qualified personnel, (c) maintains or will maintain adequate programs of investigation, research, promotion, and development, and (d) is designated and directed solely or in cooperation with other State agencies to take all practicable steps to improve transportation safety and to reduce transportation-related energy utilization and pollution;

(4) such State provides satisfactory assurance that it has or will adopt and maintain adequate procedures for financial control, accounting, and performance evaluation in order to assure proper use of Federal funds; and

(5) such State complies with regulations of the Secretary in connection with the filing of applications for assistance under section 5 of the Department of Transportation Act.

To comply with the hereinabove listed statutory requirements leading to a Montana State Rail Plan, proposed legislation in the form of the "Montana State Railroad Planning and Assistance Act of 1977"<sup>3/</sup> has been introduced into the now convened Forty-Fifth Regular Session of the Montana Legislature at the request of the Governor, and, when enacted, will enable a designated department of Montana State government to satisfy all statutory requirements of the Federal Railroad Revitalization and Regulatory Reform Act of 1976.

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<sup>3/</sup> See Appendix A, attached hereto and made a part hereof.



Regulations of the Federal Railroad Administration. The Federal Railroad Administration has issued regulations on the content of the State Rail Plan, appearing as:<sup>4/</sup>

ASSISTANCE TO STATES FOR RAIL SERVICE  
ASSISTANCE UNDER SECTION 5 OF THE DEPART-  
MENT OF TRANSPORTATION ACT.

Proposed Procedures and Requirements  
Regarding Applications and Disbursements.

F.R.A., by its rules and regulations, requires that state rail plans be established by a two phase rail planning process.

Phase I. Phase I of the Montana State Rail Plan is essentially a design of the planning process and must include the following:<sup>5/</sup>

(1) an explanation of the philosophical framework to be used in guiding the development of the State Rail Plan. Part of this explanation should be specifically devoted to the expectations of the State for the future of rail service which receive a subsidy subsequent to the expiration of the rail service continuation payments under the Act including such considerations as likelihood of profitability, continued State or local subsidy, acquisition, substitution of alternative modes, and other long-term alternatives.

(2) description of the methods by which the State will involve local and regional governmental bodies and the public generally in its rail planning process, including its

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<sup>4/</sup> Federal Register, Vol. 41, No. 154 -- Monday, August 9, 1976; 49 C.F.R. 266; F.R.A. Economic Docket No. 4.

<sup>5/</sup> 49 C.F.R. 266.9(c)

methods of providing for the equitable distribution of resources;

(3) criteria and goals for rail services or properties to be considered for assistance;

(4) an identification of the data to be acquired on the rail network and rail services in the State, the sources of this data, and the methodology to be employed in data collection. Most of the State's efforts require concentration on the services which are expected to become eligible during the period of the program, however, a broad overview of all rail services will be undertaken;

(5) analytical methodology to be used in the planning process. Such analytical methodology shall include criteria to be used in selecting essential lines to be considered for assistance and shall indicate consideration of the Advisory Criteria published by the Office under sub-section 205(d)(3) of the Regional Rail Reorganization Act of 1973, as amended; and

(6) a management plan for the development of the State Rail Plan which shall include an identification of responsible individuals, a flow chart of activities with milestones and a budget, by task, for the period to be covered by the State's application for planning assistance.

This phase of the planning program (Phase I) will be submitted to the Administrator of F.R.A. on or before March 31, 1977, as required by that agency. (49 C.F.R. 266.7(b)).

Phase II. Phase II of the Montana State Rail Plan shall conform to the format, and include all informational operations and analysis, necessary to meet the requirements of the Administrator as provided for at 49 C.F.R. 266.9(d)

(e). As indicated in the hereinafter management plan, this phase of the planning process will be submitted to the Administrator on or before June 1, 1978.

Overview of Phase I. This planning work statement represents Phase I of the two-part Montana State Rail Plan. The remainder of Phase I is composed of nine sections to describe the design of the state planning process, and appendices as support and informational. Section II presents a preliminary statement of policy within which the Plan is being prepared; the State's policy position with regard to (1) rail transportation, (2) the Railroad Revitalization and Regulatory Reform Act of 1976, and (3) the local rail service assistance program. The next six sections outline the design of the state planning process. Section III describes the goals and philosophical framework of the Plan. Section IV sets forth the method of receiving public input to the planning process through hearings and comments. The criteria and goals to be considered for assistance are presented in Section V. Section VI summarizes the data to be used and the methods by which these data will be secured. Section VII briefs the analytical methodology to be employed in the planning procedure, and section VIII summarizes that methodology. A management plan for conducting the State Rail Plan is provided in

Section IX. The balance of the Phase I statement contains those elements necessary to complete the preliminary planning process, including informational appendices.

## II. PRELIMINARY STATEMENT OF POLICY

An examination of the remainder of this Phase I Statement and the forthcoming Phase II of the Montana State Rail Plan will indicate the position of the State of Montana toward rail transportation. However, because of Montana's geographical location to markets for its production and sources of inbound commodities and supplies, rail transportation assumes an integral part of the State's economy, and is of such importance that it requires the preliminary development of an explicit statement of policy as a prerequisite to the presentation of the plan's design or its content.

Montana's Policy Position Toward Rail Transportation. In Montana, rail freight transportation is viewed as a major segment of the infrastructure supporting the State's economy. The vast majority of Montana's productions and extractive industry are weight intensive, move in large volumes, and are transported considerable distances. As a result, rail transportation is frequently the most economical or feasible transport mode for shippers. This is true of the agricultural products, coal, woodchips,

and ores. The spatial economy of the State is dependent on rail service.

Within the State's rail system the Burlington Northern Inc. is the major private carrier in terms of miles of track operated, tonnage hauled, and revenues generated. Table I showing the number of miles of track within Montana, indicates that Burlington Northern operates seventy-five percent (75%) of the total. Table II

TABLE I		
Trackage Operated - Montana Railroads <sup>a/</sup> 1975		
Railroad	Amount	%
Burlington Northern Inc...	4,395	74.9%
The Milwaukee Road.....	1,310	22.3%
Union Pacific Railroad....	162	2.8%
TOTAL	5,867	100.0%
<sup>a/</sup> Does not include Soo Line Railroad; or Butte, Anaconda and Pacific.		

summarizes the tonnage, in carloads, which originated and terminated in Montana during 1975. The revenues generated by each of Montana's railroads during 1975 are shown in Table III.

The foregoing shows the dominant position of Burlington Northern among Montana's railroads, and it is reasonable to assume that, because of the nature of Montana's



TABLE II

Rail Carloads Originating and  
Terminating in Montana  
1975

Railroad	Amount	%
Burlington Northern.....	407,534	92.3%
The Milwaukee Road.....	24,399	5.5%
Union Pacific Railroad....	<u>9,764</u>	2.2%
TOTAL <sup>a/</sup>	441,697	100.0%

<sup>a/</sup> Does not include Soo Line Railroad; or Butte, Anaconda and Pacific.

agricultural economy and dependence upon railroad service, if the Burlington Northern ceased to operate, so would the economy of Montana. In essence, this railroad is so important to the State's economy that it cannot be ignored.

TABLE III

Freight Revenues - Montana Railroads<sup>a/</sup>  
1975

Railroad	Amount	%
Burlington Northern.....\$	322,946,932	91.5%
The Milwaukee Road.....	24,836,855	7.0%
Union Pacific Railroad....	<u>5,326,810</u>	1.5%
TOTAL	\$ 353,110,597	100.0%

<sup>a/</sup> Does not include Soo Line Railroad; or Butte, Anaconda and Pacific.

Montana, among other States in the Western Region of the United States, is dependent on railroad services to

maintain and enhance its economic activities. Although this section of the country has not been faced with the serious problem of massive railroad bankruptcies as experienced in the Northeastern Region, long-term programs to eliminate the possibility of the loss of our private enterprise railroad system must begin. Implicit in such a position is the willingness of the State to see duplicate trackage and non-viable rail service discontinued. Rationalization of the railroad plant is seen as a prerequisite to the long-run viable privately owned operation of railroads in the State, while retaining under government sponsorship the rail service found to be uneconomical but essential in a State Rail Plan.

Therefore, although the State of Montana has historically followed a laissez-faire policy with regard to financial assistance for the State's railroads, the overall importance of future rail transport services demands participation from the State. In response to this need the State has embarked upon a State Rail Planning Program and will enact the Montana Railroad Planning and Assistance Act of 1977.

This act is a rather comprehensive piece of legislation, which designates the Montana Department of Community Affairs (D.C.A.) as the "designated agency" in all rail matters related to the Railroad Revitalization and Reg-

ulatory Reform Act of 1976, and enables the department to:

- (1) establish and maintain a Montana State Rail Plan;
- (2) subsidize rail operating and maintenance costs;
- (3) acquire any and all data from railroads necessary for state rail planning purposes;
- (4) acquire by purchase or condemnation rail property in the State;
- (5) sell or transfer rail properties;
- (6) lease rail lines;
- (7) purchase railroad rolling stock and equipment; and
- (8) modernize, rehabilitate, or rebuild rail lines.

A copy of the legislation appears as Appendix A to this Phase I statement.

Montana's Policy Position Toward The 4R Act. The State of Montana supports the purpose and goal of the Railroad Revitalization and Regulatory Reform Act of 1976<sup>6/</sup> to provide the means to rehabilitate and maintain the physical facilities, improve the operations and structure, and restore the financial stability of the railroad system of the United States, and to promote the revitalization of such railway system, so that this mode of transportation will remain viable in the private sector of the economy and will be able to provide energy-efficient, ecologically compatible transportation services with

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<sup>6/</sup> 45 U.S.C. 801.

greater efficiency, effectiveness and economy.

The State of Montana is opposed to any alternative strategies of nationalization of the rail system.

The State's View of the Local Rail Service Assistance Program. Montana reserves its comments and view of the assistance program for later development in the State Rail Plan. We do not presently have available enough data for analysis to state a position. Much has been said and written about the internal cross-subsidy issue. This should, and will, be addressed at the Phase II level. Additionally, while the service assistance program contemplates a five-year span (1976-1981), it will exist for most Western States for a much shorter period pending approval of their State Rail Plans.

The fact that the local rail service program has provided to Montana, and other states, a vehicle by which they will analyze their rail services and demands, and from which will evolve a rail transportation policy and state rail plan, must be considered as a spin-off benefit accruing to all participating states. Considering the present railroad transportation circumstances and conditions, it is an operation which all states should actively support, 4R Act or no 4R Act.

PLAN

DESIGN





### III. GOALS AND PHILOSOPHICAL FRAMEWORK

The guiding philosophy and goals which are set for Montana through the State Rail Plan must be conditioned and responsive to the time frame being considered. As previously stated, while the service assistance program at the national level contemplates a five-year span (1976-1981), it will exist for most Western States as a much shorter period as a result of the necessity to establish and implement their State Rail Plans. Using this as a frame of reference, Montana considers the section 803 assistance time period to June 30, 1981, as the shortrun.<sup>7/</sup> Projections and analysis for 100 percent state rail line assistance beyond the expiration of the federal program, assuming at this date that it will not be extended, warrant a long-run designation. As a result, the goals and philosophical stance of the State Rail Plan of Montana fall into those for the short-run three-year national program period and those for the long-run.

The Short-Term. The State Rail Plan will include a Certified Program of Projects which will lead to specific project applications. Methods by which these projects will be determined appear in sections VII and VIII of this Phase I statement. The goals of the State of Montana

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<sup>7/</sup> See section IX hereinafter (Management Plan) showing a projected completion date of June 1, 1978, for the Montana State Rail Plan. This would provide for a three-year short-run period.

underlying this action are:

- (1) to preserve essential rail services;
- (2) to provide sufficient time for the re-location of activities from non-essential rail lines; and
- (3) to provide alternative strategies to reduce the cost of lost rail service in a manner less expensive than continuing rail service.

Essential rail services are those rail lines or segments that are considered necessary:

- (1) for the continued development of rural areas;
- (2) by showing a marked potential for future industrial development;
- (3) to minimize the adverse impacts on the areas which would otherwise lose the rail services;
- (4) because they exhibit a quantifiable potential for economic viability in the long-run; and
- (5) for defense purposes.

Essential rail services may also be viewed as those line segments for which abandonment will result in significant impacts on the areas previously served. These impacts may be of an economic, environmental or energy nature. At present, the State is of the view that the environmental and economic impacts are inter-related. That is, if abandonment results in significant economic impacts it will also experience significant environmental impacts. As a result, economic impacts may be taken as

a surrogate for the environmental impacts in selected cases.

The potential negative energy impact enters at two different levels. In the first case it is also considered as a surrogate for environmental or economic cost. If a segment is abandoned and the traffic continues to move by truck, this increases the economic cost, environmental cost (in some cases), and energy consumption. At a second level the State has significant coal reserves for which it is desirable to have continued rail access. Loss of these lines could, in the long-run, increase energy costs. The State is interested in minimizing these future costs as well.

There are rail services in Montana which, upon analysis, may prove to be non-essential. These lines can be abandoned since they may have very few, if any, shippers located along them -- or they may ship or receive only a very small amount of material by rail. In some cases the particular items being moved by rail could be moved by motor carriers from the nearest rail-head retaining service with a very small increase in total transportation cost. For these lines it is reasonable to offer a subsidy until such time as these arrangements can be made.

In some cases a firm may desire to relocate on a rail line that will continue to have rail service. In such a case the shipper may need time to decide where to locate and attempt to purchase the desired site. Or, in the case of a national firm, they may wish to transfer certain functions to one of their other locations.

In each of these cases a rail service continuation subsidy may be necessary in order to allow for the transition, transfer, or relocation. At the same time the segments would not be those for which long-run assistance of any type is desirable. They may represent line segments which have only two or three shippers. Although these lines and industries will be identified during the planning process, it is certain that those lines for which the cost of relocation and/or other costs considered in the 4R Act are less than the continuation subsidy, then it will probably be noted that such lines will be subsidized only during the short-run three-year period.

Montana will probably not find itself unique as a result of its analysis of rail service in the State Rail Plan. As with other States, there will be other line segments for which rail service is not worth subsidizing. These are the lines which can be abandoned from the State's perspective at any time in the near

future with little, if any, impact.

Under the State's Rail Planning and Preservation Act, Montana will have the right to acquire lines which might otherwise be abandoned. Although there are other reasons why the State may wish to do this, these reasons generally fall into two groups:

- (1) preservation of rights-of-way for future transportation; and

- (2) to utilize the right-of-way for public activities.

Those lines which are, or will be, proposed for abandonment that do not seem likely to be utilized for future transportation or public purposes will be allowed to be abandoned. Complicating the issue of what the future holds for certain line segments is the ownership question. Although it will be addressed at a later time, it should be noted that a portion of the State Rail Plan must be directed to right-of-way title. Therefore, the staff as part of the overall planning process will attempt to resolve this issue in order to be able to plan for non-rail use of the abandoned right-of-way. Otherwise such plans would be useless.

The Long Term. The long-run future of lines available for subsidy in Montana, beyond the projected three-year national program, will also be examined in the State Rail



Plan. The State's long-term philosophy and goals are essentially one of economic viability. Therefore, the alternative future considered for the rail segments "available for subsidy" lead toward viability and economic self-sufficiency or abandonment. The State of Montana is not in favor of a long-term rail service subsidy program funded only by the State.

#### Goals and Philosophical Framework of State Rail Plan.

Summary. Montana has not made previous commitments regarding rail services and other areas of railroad transportation policy have received little attention, if any. Realizing that a number of issues must be addressed for the future, Montana intends to formulate and implement policies through its State Rail Plan in at least the following areas:

- (1) the expected degree or type of state involvement respecting light density lines; short-term subsidies; longer term support; ownership;

- (2) the role of the state regarding other rail services (such as main line, urban rail rationalization);

- (3) the role of the certified program of projects in the state's programming and budgeting system;

- (4) the role of the rail plan in any multi-modal statewide transportation planning;

- (5) the policy of the state regarding methods or limitations in working with private transportation companies;

(6) the plan for subsidized rail services upon expiration of federal assistance; and

(7) the policy regarding proportionate share of costs to be borne by local governments and/or shippers.

Montana feels it is most important to develop a complete set of facts and costs prior to completing the above set of policies.

#### IV. PUBLIC INVOLVEMENT IN THE PLANNING PROCESS

Montana will subscribe to the requirements for public involvement in the planning process which will be geared to provide an opportunity for its citizens to furnish inputs into the plan. The procedures are:<sup>8/</sup>

(1) the convention of a Technical Advisory Group, scheduled to have regular meetings with the planning group throughout the planning stages;

(2) public hearing on the preliminary plan;

(3) public hearing on the final plan;  
and

(4) the involvement of the Office of Consumer Counsel, State of Montana, on behalf of Montana citizens.

Technical Advisory Group. To facilitate the planning process and involve other agencies and the general public, the technical advisory group will be a mix of (1) an intra-

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<sup>8/</sup> See flowchart for activities included in the Management Plan, infra.



state railroad planning coordinating committee, and (2) a public participation advisory committee. Proposed agencies to be represented include:

- (1) the regulatory agency having railroad jurisdiction;
- (2) the highway department;
- (3) the environmental agency;
- (4) the department of commerce or development;
- (5) the agriculture department;
- (6) the department of natural resources;
- (7) the energy agency; and
- (8) a representative of the Governor's office.

Additionally, groups to be considered for representation of the public participation aspect of the group include:

- (1) railroad companies operating in Montana;
- (2) railroad labor unions;
- (3) shippers;
- (4) chambers of commerce;
- (5) agricultural interests;
- (6) environmental groups;
- (7) university specialists in transportation; and
- (8) Montana trucking representatives.

As shown in the planning activities flowchart included

in the management plan, a technical advisory group composed of the railroads, labor, shippers, local and regional government agencies, state agencies, and the public generally through the Consumer Counsel, will be named to provide guidance to the planning staff. Regular scheduled meetings throughout the course of the planning process will be held to ensure initial public inputs into the preliminary plan.

Hearing on Preliminary State Plan. It is expected that the staff will have the preliminary plan prepared by January 1, 1978. Public hearing on this preliminary plan will be held within two weeks of this date and the standard procedures of the designated agency and the Montana Administrative Procedures Act for announcing this to the public will be utilized. Written comments along with oral presentations on the preliminary plan will be accepted and considered in revisions toward a final rail plan. Any revisions necessary will be incorporated into the final State Rail Plan, if merited.

Hearing on the Final State Rail Plan. The final State Rail Plan will be completed on or before March 31, 1978. Hearing will be held in Helena on this portion of the plan within two weeks after its release. As with the hearing on the preliminary plan, the Department of Community Affairs (D.C.A. -- designated agency) will be in charge.

Office of Consumer Counsel. In each case above the Office of Consumer Counsel of Montana will be present to represent and protect the public's interest. In addition, the Consumer Counsel will sit as a Member of the Technical Advisory Group.

V. GOALS AND CRITERIA  
FOR THE SELECTION OF RAIL SERVICES  
TO RECEIVE ASSISTANCE

Montana has embarked upon a rail planning program for fulfillment of the State's goals as outlined before, viz:

- (1) to preserve essential rail services;
- (2) to provide sufficient time for the relocation of economic activities from non-essential rail lines; and
- (3) to provide alternative strategies to reduce the cost of lost rail service in a manner less expensive than continuing rail service.

The Montana State Rail Plan will be used as a vehicle to analyze eligible and potentially eligible rail mileage as provided for in the local rail service assistance provisions under section 803 of the Act. The State Rail Plan has, as its focal point, an objective to achieve for Montana the purposes and goal set forth in the Railroad Revitalization and Regulatory Reform Act, and to achieve the goals included in the Montana Railroad Transportation Policy:

"....a viable railroad transportation system, adequate to meet our economic needs and necessities; to encourage, promote, and support safe, adequate, economical, and efficient rail service in the private sector; to foster the establishment and maintenance of just and reasonable charges for transportation services rendered; to cooperate with the railroads, other States, and the Federal Government; all to the end of developing and preserving a privately owned railroad system, as part of Montana's total transportation system, adequate to meet the needs of our citizens and their commerce."

#### VI. RAILROAD DATA TO BE ACQUIRED

Scope. In an effort to achieve the aforementioned goals it is necessary that each element required<sup>9/</sup> by the planning process be identified. This includes those technical elements such as data collection and storage. In addition, it is necessary that existing complementary planning processes be called upon to contribute to the plan through continuing and cooperative dialogue. Those elements required for initial planning discussions are:

- (1) a definition of what constitutes the railroad system of Montana, i.e., those firms directly involved in the provision of rail services, the location of facilities, and the type and condition of those facilities;
- (2) an assessment of the current operating levels and constraints of this system; i.e., freight and passenger flow data, traffic density data, and the costs and revenue figures;
- (3) an evaluation of service demands and needs throughout Montana; and

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<sup>9/</sup> 49 C.F.R. 266.9(d).

(4) an evaluation of possible local impacts of various decisions including an assessment of alternative modes and service levels.

With these components available, the development of the Montana State Rail Plan can proceed from an initial position of flexibility.

Data To Be Acquired. Methodology. The Rail Network of Montana. The railroads serving Montana flow predominantly in an east-west direction, covering the northern and southern portions of the State, and forming an "X" in the central area of high production agricultural products.<sup>10/</sup>

Branch lines tap grain producing areas and reach into coal fields in southern Montana. Data requirements for proper analysis of such a network are great. However, none are more essential than an accurate spatial portrait of this network. We must know where track and facilities are located. Comprehensive maps of this system are rare, if indeed they even exist. Maps available often fail to indicate pertinent information; i.e., interchanges, abandoned track, sidings, and even branch lines.

Sources that are available to complete the task to inventory and analyze the State's rail network are too

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<sup>10/</sup> See Appendix F.



numerouse to fully enumerate here. It will be the intention of Montana to include within its plan a comprehensive view of the rail system, using published data from federal reports and documents, state and local data, the railroad "data package", railroad time tables and services guides (Railway Guide and Official Equipment Register), and when found to be necessary, to conduct field investigation to determine unpublished information. Some sources of readily available information are the following:

- (1) FRA railroad maps by zone;
- (2) FRA network model: computerized representation of the nation's railroad system containing a great deal of data on each line in the network;
- (3) ICC/FRA One-Percent Waybill Sample; obtainable on computer tape; a one-percent sample of all Class I railroad traffic; origin, destination, commodity, tonnage, number of carloads, freight charges;
- (4) FRA Track Class: an important indicator of track condition;
- (5) Railroad Density Charts;
- (6) Section 503 Designation and Classification;
- (7) the ICC's Freight Commodity Statistics and Transport Statistics for the United States;
- (8) railroad company information; system maps, timetables, Form R-1 Annual Reports, location of TOFC/COFC facilities;
- (9) recent and pending abandonment petitions, hearing testimony, reports;



- (10) published state transportation data;
- (11) U.S. Bureau of the Census;
- (12) Association of American Railroads:  
Yearbook of Railroad Facts;
- (13) Official Railway Guide;
- (14) Rand McNally, Inc.: Handy Railroad Atlas of the United States; Rand McNally Commercial Guide;
- (15) United States Geological Survey (USGS) maps; and
- (16) Preliminary Bibliography, A Tool For Rail Planners, December 10, 1976, Department of Transportation, Federal Railroad Administration.

The major portion of rail activity in the State of Montana consists of freight movements. Those services are carried out by six (6) firms shown in Table IV.

TABLE IV		
Railroads Serving Montana		
Railroad	Miles	Class
Burlington Northern Inc.....	4,395	I
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.....	1,310	I
Soo Line Railroad Co.....	57	I
Union Pacific Railroad Co.....	162	I
Butte, Anaconda & Pacific Railway Company.....	135	II
White Sulphur Springs & Yellowstone Park Ry, Co.....	23	II

Data To Be Acquired.   Methodology.   Rail Transportation.  
Montana's State Rail Plan will develop the data required

as outlined in the Rules and Regulations promulgated by the Administrator in 49 C.F.R. 266.9<sup>11/</sup>. The development will occur through a cooperative effort with Montana's railroads, the use of the A.A.R. Data Package applicable to Montana, and by the use of a shipper survey.

At this time the shipper survey form has not been perfected for inclusion in this Phase I statement. However, the survey is necessary to develop data not available from other sources. This position has, to a large degree, been confirmed by discussions with other States and their approach to data collection.

The survey form will be framed in such a manner so as to elicit railroad data and information unique to Montana shippers and receivers. It will include, but not be limited to, assessment of shipper attitudes toward present rail service, ability to utilize alternative modes, economic impact, shipper subsidization for continued service, shipment data in and out, and their views on relocation.

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<sup>11/</sup> Department of Transportation, Federal Railroad Administration, Assistance To States For Rail Service Assistance under Section 5 of the Department of Transportation Act, F.R.A. Economic Docket No. 4.

## VII. ANALYTICAL METHODOLOGY FOR PLANNING

The technical approach to be taken by the State of Montana in developing a State Rail Plan will be to divide the program into the eight elements which comprise any systematic planning process. Those elements are as follows:

- (1) Identification of the problem;
- (2) Identification of objectives;
- (3) Determination of resources and restraints of the system;
- (4) Development of strategies;
- (5) Development of system model;
- (6) Application of the system model to each strategy;
- (7) Evaluation of strategies; and
- (8) Selection of strategies.

The elements will be aggregated into an organization stage and an analysis stage. The first two elements comprise the organization stage, while the last six elements comprise the analysis stage.

The analytical methodology to be employed by Montana in the planning process will be based on various analyses (economies, revenue/cost, environmental, benefit/cost) and will include criteria to be used in selecting essential lines to be considered for assistance, and will re-

flect consideration of the advisory criteria published by the office under sub-section 205(d)(3) of the Regional Rail Reorganization Act of 1973, as amended.

Congress included in the Regional Rail Reorganization Act of 1973 what could be considered as advisory criteria for the Rail Services Planning Office regarding rail service continuation subsidies. R.S.P.O. was charged with assisting States "in continuation subsidies to maintain in operation particular rail properties by establishing criteria for determining whether particular rail properties are suitable for rail service continuation subsidies." Such criteria should include the following considerations:

Rail properties are suitable if the cost of the required subsidy for such properties per-year to the taxpayer is less than the cost of termination of rail service over such properties measured by increased fuel consumption and operational costs for alternative modes of transportation; the cost of the gross national product in terms of reduced output of goods and services; the cost of relocating or assisting through unemployment, retraining, and welfare benefits to individuals and firms adversely affected thereby; and the cost to the environment measured by damage caused by increased pollution.

These are rather explicit advisory criteria which are represented in tabular form in Table V.

TABLE V  
Advisory Criteria

Item	
1. Taxpayer Cost.....	_____
2. Fuel Cost of Alternative Mode- Rail Fuel Cost.....	_____
3. Operating Cost of Alternative Mode- Rail Operating Cost.....	_____
4. G.N.P. (Production or Service Loss).....	_____
5. Relocation Cost.....	_____
6. Retraining Cost.....	_____
7. Welfare Benefits.....	_____
8. Environmental Cost.....	_____

Methodology. Revenue/Cost Analysis. The Montana State Rail Plan will analyze its eligible and potentially eligible rail mileage primarily from a revenue/cost approach to enable the State to prioritize the projects proposed while being able to evaluate present and future economic viability on those lines. On and off branch line costs will be developed through procedures set down in Docket No. 36366.

Each of the segments will be analyzed for economic viability including an infrastructure analysis, an engineering evaluation, determination of net liquidation



value, identification of various upgraded service levels, and calculation of annual maintenance costs. Operating patterns will be determined and alternative operating patterns will be considered. Existing traffic and revenues will be verified, marketing procedures analyzed, and potential traffic growth estimated. Operating and maintenance costs at various levels of service will be estimated.

Methodology. Alternative Mode. Relocation. For each segment analyzed, transportation alternatives to continued rail service will be investigated. This analysis will include the physical feasibility of implementing each alternative at a reasonable level of capital costs, the resultant changes in shipper transport costs, and the advantages and disadvantages from a service standpoint.

Methodology. Socio-economic, Environmental and Energy Analysis. Regarding socio-economic, environmental and energy impact analyses, the methodology will closely follow the format recommended by the Rail Services Planning Office (RSPO) in "Guide for Evaluating the Community Impact of Rail Service Discontinuance". The income and employment impacts of rail abandonment on both the rail users and the surrounding community will be assessed. Erosion of the community's (county's) tax base as a result



of any business closures will be added.

Documentation will be made to consider the effect of rail service abandonment on the economic development potential of the community, and any changes in air, water or noise pollution.

The energy consumption level of existing rail services will be estimated and changes in energy utilization as a result of rail discontinuance and the substitution of other modes will be calculated.

Analytical Methodology. Overview. The system analysis would start with a description of the network infrastructure. Section 802 of the 4R Act requires that the railroads supply the Federal Railroad Administration (FRA) with diagrams of the railroads. Using the diagrams, the complete integrated network of all railroads within the State would be developed. The network would be represented in a standard link-and-node configuration. If the network is to be used mainly in connection with problems of system connectivity and capacity, then the nodes can be established only where there are major changes in link capacity and at link intersections. If the purpose of the network is to establish a basis for coding data such as costs and revenues, then it may be necessary to have each station become a node and each segment between

stations a link. In either case, the physical inventory, nominal capacities, special conditions and constraints and other items pertinent to the analysis will be coded to each link-and-node. Major operational facilities such as classification yards, TOFC ramps, and interchange points will be coded as appropriate. Data which is not available from the diagrams would be obtained ad hoc from the railroads or by actual inspection.

In general, the description of rail operations and service available will be confined to collection of necessary data to permit analysis of specific issues of major importance to the State. Schedules of services available on branch lines will be compiled to assist in the identification of possible candidates for abandonment or discontinuance of service. Methods of data collection employed by the carriers would be examined and their degree of compatibility noted. Operations monitoring procedures and report preparation will be reviewed. Billing and accounting procedures would be noted.

The analysis of freight flows on the network is the primary means of identifying areas of further analysis such as branch lines to be abandoned or other reductions in the service levels. In connection with the classification and designation of rail lines, the rail carriers are required to submit to the U.S. Secretary of Transpor-

tation a full and complete analysis of the traffic density on each of their main and branch lines.<sup>12/</sup> It is assumed that such information will be available to the States and will include data on originations and terminations, tonnage, commodity, car type, car count and revenue (total revenue and local carrier division). Analysis of these flows will permit identification of branch lines which are candidates for abandonment or discontinuance of service.

Under the provisions of section 802 of the Act, a railroad is required to make appropriate data available to any party considering offering financial assistance to maintain service on a branch line. This data includes the railroad's most recent reports on physical condition, traffic, revenue and other data as is necessary to determine the amount of assistance that the railroad feels would be required for the branch. However, before the State can make an offer of assistance, it is necessary to perform initial analysis to determine for which branches such an offer is in the State's interest.

The statewide system analysis would have previously identified branch lines which are potentially subject to abandonment. For each of these lines, it would be necessary

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<sup>12/</sup> Title V, P.L. 94-210.

to evaluate the probable economic and social impacts of abandonments, and the feasible alternatives to rail transport. Where the impacts are significant and alternatives infeasible, these branch lines would be marked for further detailed analysis.

A complete inventory of branch facilities is to be performed. Items to be inventoried include track, structures, bridges and tunnels; buildings; and signals and communications. The condition of each facility will be noted to permit estimates of rehabilitation and replacement costs.

Additionally, the following information on the operation of the branches will be obtained:

- (1) actual train schedules;
- (2) labor rules including "home locations" and arbitraries;
- (3) interference or coordination between rail and other transportation modes;
- (4) slow orders and other restrictions;
- (5) station locations and functions performed at each station;
- (6) control of operations;
- (7) other indicators of the level of service such as on-time performance and availability of cars; and
- (8) maintenance schedule.

Current operations would be analyzed to determine if changes in present methods could result in improvements to service levels which could generate additional traffic and revenue. Operational changes which require higher levels of maintenance or capital improvements would be examined and estimates of costs prepared.

The present and future traffic on the eligible line would be analyzed next. Information would be obtained from the carriers on current shipments and tabulated in the following form:

- (1) commodity (by STCC);
- (2) tonnage;
- (3) car type;
- (4) car count;
- (5) originating or terminating station; and
- (6) revenue.

Preparation of projected traffic is proposed through collection and synthesis of the following types of information:

- (1) Data from a survey of shippers. A survey of all parties shipping or receiving cars would be made by use of a suitable questionnaire. The following types of information would be obtained: (a) projected number of shipments; (b) future changes in plant capacity; (c) future changes in employment levels; (d) projections of incoming and outgoing shipments.

In addition, shippers will be asked if the level of service available on the line has restricted



his use of the service and if so, how different levels of service would influence his projections. An independent projection of future shipments is to be made using the changes in plant capacity, employment levels and raw material shipments. This figure would be compared to the direct projection furnished by the shipper to determine if the projection appears to be reasonable and if all the information is consistent;

(2) Data obtained from railroad marketing departments concerning their estimates of future traffic on the branch lines in question;

(3) Population and economic growth trends for the branch line market area prepared by state or local planning agencies; and

(4) Projection of level of activity for agricultural and extractive sector industries within the market area.

#### Analytical Methodology. Overview. Profitability Analysis.

Profitability analysis in its simplest form consists of comparing revenues over a period of time with costs incurred over the same period of time, considering the line segment as a profit center. For most branch lines the profitability analysis must be made for several levels of service. Achieving improved levels of service would almost invariably require increased costs of maintenance and in many cases capital expenditures. In addition, the annual maintenance costs can be reduced by capital expenditures for rehabilitation and improvements. For each level of service, the anticipated revenues expected will be calculated using the traffic forecasts previously



determined. Revenue would be computed for traffic which originates or terminates on the branch and all such revenue allocated to the line segment. In addition, an appropriate revenue percentage for all bridge or overhead traffic will be allocated when warranted.

For each level of service, costs attributable to operation of the branch will be determined. On-branch costs would be determined for:

- (1) Routine maintenance;
- (2) Rehabilitation;
- (3) Maintenance of equipment;
- (4) Transportation;
- (5) Property taxes; and
- (6) Miscellaneous.

Formulas used to determine branch line costs would reflect the actual cost of providing the service. These unit costs would be developed from carrier records augmented by on-site adjustments where found necessary. Costs computed will be derived under the Interstate Commerce Commission costing format Rail Form A.

After the revenues and costs for each level of service have been obtained, a profitability analysis will be conducted which will indicate the present, and potential, profitability of each combination of levels of service

and class of maintenance for the line. Where the line segment is not potentially profitable, the amount of rail service assistance subsidy required under both federal and state funding will be computed.

Off-branch costs will be included to reflect the avoidable cost of providing movement over the remainder of the railroad's system as presented in the carrier's Rail Form R-1 Report.

Analytical Methodology. Overview. Substitute Service.

For each eligible line segment under consideration, the availability of substitute transportation services will be determined. For each feasible alternative, the economic and social costs and benefits will be determined.

Economic benefits and costs would include:

- (1) Capital improvements to increase capacity of other modes;
- (2) Increased maintenance of other modes;
- (3) Capital improvements to establish necessary mode interchange facilities;
- (4) Changes in shipping costs;
- (5) Changes in shipping time and inventory costs; and
- (6) Loss of markets.

In addition, in any analysis of substituted modal service in lieu of rail service, consideration will be given to social benefits and costs. These items will include:

- (1) changes in levels of pollution;
- (2) changes in traffic congestion; and
- (3) diversion of service.

Analytical Methodology. Overview. Alternative Strategies.

For each segment of line under consideration, alternative strategies will be evaluated. Strategies to be considered will include, but not be limited to, the following:

- (1) subsidy;
- (2) acquisition;
- (3) modernization;
- (4) termination of service; and
- (5) provision of substitute services.

Several alternatives for each strategy, or mix of strategies, may be considered, i.e., subsidy at different levels of service or several different substitute service modes.

VIII. ANALYTICAL METHODOLOGY. SUMMARY

Based on the proposed analyses described above, a complete catalogue of all the impacts of implementing each strategy will be determined. Social, economic, environmental, and energy impacts will be considered.

The impacts for each feasible strategy will then be measured against the State's goals and objectives as established and earlier shown. The best strategy can

then be selected. In a similiar manner, the strategies selected for each line segment will be ranked in priority order in accordance with their contribution to achieving the goals and objectives.

The priority list of projects will serve as the basis for preparing the annual list of projects to be submitted by the State of Montana.

Equitable Distribution of Resources. The goals and criteria discussed in section V, and the methodology employed as outlined in section VII and VIII, will form the foundation for priority establishment. Such procedures will allow for all lines to be considered for continuation assistance and therefore satisfies the equitable distribution criterion of the regulations.



# PLAN MANAGEMENT





## IX. MANAGEMENT PLAN

Pursuant to the Administrator's requirement that the planning work statement shall include a management plan for the development of a State Rail Plan,<sup>13/</sup> Montana proposes to implement the foregoing study design into its State Rail Plan through the Montana Department of Community Affairs (DCA) as "designated agency". Proposed legislation incorporated into "The Montana Rail Planning and Assistance Act of 1977", adequate to provide statutory responsibilities for rail planning, is now pending before the Montana Legislature for enactment.<sup>14/</sup> The management plan includes:

(1) an identification of each task to be accomplished in the development of the final plan;

(2) a chart relating the tasks to each other and identifying the time frame in which they will be accomplished;

(3) an identification of responsible key personnel;

(4) a budget by task; and

(5) other relevant information the manager may require to implement the study design.

Identification of Plan Tasks. Work Plan Chart. A work plan to identify the major items to be accomplished leading to Montana's Final State Rail Plan (Phase II) appears as

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<sup>13/</sup> 49 C.F.R. 266.9(c)(6).

<sup>14/</sup> See Appendix A herein.

Appendix B, attached hereto and made a part hereof. Most of the items have been discussed elsewhere in this Phase I statement of the planning process, and the chart simply relates the major job items to months during 1977 and 1978.

Personnel. As hereinbefore explained, Montana intends to establish its State Rail Plan through a State "designated agency". Pending enactment of appropriate legislation<sup>15/</sup>, Governor Thomas L. Judge has ordered that a State Rail Planning Program begin.<sup>16/</sup> Until an eligible designated agency can be created within state government, Mr. Gene J. Carroll has been named to serve as Director of Rail Planning of Montana, and act as interim contact person for all purposes of rail planning. A resume of his education and transportation experience is attached as Appendix C hereto.

The proposed designated agency is the primary planning agency for Montana, and this function is carried out at a division level. The planning division is presently staffed with professional personnel -- to be augmented by

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<sup>15/</sup> It is expected that the "Montana State Rail Planning and Preservation Act" will be enacted on or before April 1, 1977, and become effective upon enactment.

<sup>16/</sup> Executive Order No. 7, September 10, 1976; Appendix H herein.

sufficient trained and qualified personnel -- adequate to establish and implement an acceptable State Rail Plan for Montana.

Appendix C to this Phase I statement contains vitae for the primary individuals within the proposed designated agency who will be involved in the State Rail Planning effort in Montana.

Budget For Montana State Rail Planning. A detailed budget by task is attached hereto as Appendix D.

Environmental Impact Statement. The Administrator has determined that assistance provided for the purpose of planning assistance does not significantly affect the quality of the human environment and, therefore, applicants for financial assistance for that purpose are not required to prepare or submit an environmental assessment (49 C.F.R. 266.15).

Plan Update, Revision and Amendment. The work task flow-chart outlining the major items to be accomplished leading to a final Montana State Rail Plan does not indicate items for completion subsequent to the final plan. However, it will be our intention, as is indicated by a budget item in Appendix D, to update, revise and amend the final plan throughout the course of the National

Rail Assistance Program.

Miscellaneous Management Items. 49 C.F.R. 266.13(a)(b)  
contain specific items of information required to be  
completed to qualify and become eligible for planning  
assistance:

I.

Full and correct name and principal  
business address of applicant:

OFFICE OF RAIL PLANNING  
STATE OF MONTANA  
Airport Way - Building West  
1300 Cedar Street  
Helena, Montana  
59601

II.

Name, title and address of the interim  
contact person to whom correspondence  
regarding the application should be  
addressed:

MR. GENE J. CARROLL  
DIRECTOR OF RAIL PLANNING  
STATE OF MONTANA  
Airport Way - Building West  
1300 Cedar Street  
Helena, Montana  
59601  
(406) 449-3144

III.

Budget estimates for development of  
the Montana State Rail Plan:

SEE APPENDIX D HEREIN

## IV.

Purpose of the funds

Applicant herein for planning assistance CERTIFIES that the Federal funds provided under the Act will be used solely for the purpose for which the assistance is sought, and in conformance with the limitations on the expenditures allowed under the Act and applicable regulations.

## V.

Certificate of Financial Control

Applicant herein CERTIFIES that adequate procedures for financial control, accounting, and performance evaluation have been established and will be utilized in order to assure proper use of Federal funds. See Appendix G for detail.

## VI.

Certificate of Compliance for Civil Rights

Applicant herein CERTIFIES compliance with and AGREES to comply with title VI of the Civil Rights Act of 1964, (78 Stat. 252, 42 U.S.C. 2000 d, *et seq.*) ("Civil Rights Act"), section 905 of the Railroad Revitalization and Regulatory Reform Act of 1976 (February 5, 1976, Pub.L. 94-210, 90 Stat. 31) ("RRRR Act"), and all requirements imposed by Title 49, Code of Federal Regulations, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation ("Civil Rights Regulations"), and other pertinent directives, and that, in accordance with the Civil Rights Act, the RRRR Act, the Civil Rights Regulations, and other pertinent directives, no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives assistance from the Federal Railroad Administration, and the applicant will promptly take any measures necessary to effectuate this AGREEMENT.



## VII.

Opinion of Legal Counsel to Applicant.

SEE APPENDIX E HEREIN

## VIII.

Certificate of Intent to Establish Plan.

Applicant herein CERTIFIES that the study design, management plan, and policy contained in this Phase I statement will be established as an adequate plan for rail services as part of an overall planning process for all transportation services in Montana, including a suitable process for updating, revising, and amending the plan. Applicant further CERTIFIES that the Montana State Rail Plan will be administered or coordinated by a designated State agency and that the plan will provide for the equitable distribution of resources.

The designated agency shall: (a) have authority and administrative jurisdiction to develop, promote, supervise, and support safe, adequate, and efficient rail transportation services; (b) employ or will employ, directly or indirectly, sufficient trained or qualified personnel; (c) maintain or will maintain programs of investigation, research, promotion, and development with provision for public participation; and (d) is designated and directed solely, or in cooperation with other State agencies to take all practicable steps to improve transportation safety and to reduce transportation-related energy utilization and pollution.

## IX.

Certificate of Compliance

Applicant herein CERTIFIES that the State of Montana will comply with the Regulations issued under Part 266, Chapter II, 49 C.F.R.

X.

Circular A-95

Montana has initiated Circular A-95 clearinghouse procedures for the State Rail Plan Assistance Application. When completed, the A-95 submittal will be made as Supplement No. 1 to this Planning Work Statement (Phase I) of the Montana State Rail Plan.

Respectfully submitted,

  
\_\_\_\_\_  
GENE J. CARROLL

Director  
OFFICE OF RAIL PLANNING  
STATE OF MONTANA




X.

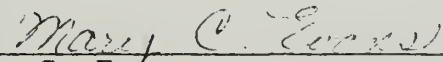
C E R T I F I C A T E

GENE J. CARROLL certifies that he is the chief executive officer of the OFFICE OF RAIL PLANNING; that he is authorized to sign and file with the Federal Railroad Administrator this application; that he has carefully examined all of the statements contained in the application relating to the OFFICE OF RAIL PLANNING; that he has knowledge of the matters set forth therein and that all statements made and matters set forth therein are true and correct to the best of his knowledge, information and belief.

DATED AT HELENA, MONTANA this 1st day of February, 1977.

s/   
\_\_\_\_\_  
GENE J. CARROLL  
Director of Rail Planning

Subscribed and sworn to before me  
this 1st day of February, 1977.

s/   
\_\_\_\_\_  
Mary C. Evans

Notary Public, Lewis and Clark County, Montana.  
My Commission Expires March 3, 1979.

(NOTARIAL SEAL)



# APPENDIX





APPENDIX A

MONTANA STATE RAILROAD PLANNING  
AND ASSISTANCE ACT  
OF 1977



1  
2  
3  
4  
5 AN ACT  
6 \_\_\_\_\_  
7

8 AN ACT to amend RCM, 1947, Title 32, by adding a  
9 new chapter concerning state railroads planning  
10 and preservation, making appropriations, and  
11 for other purposes.  
12

13 \_\_\_\_\_ BILL NO. \_\_\_\_\_  
14

15 INTRODUCED BY \_\_\_\_\_  
16

17 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
18 STATE OF MONTANA,

19 That this Act, divided into titles and sections,  
20 shall be known and may be cited as the "Montana  
21 State Railroad Planning and Assistance Act of 1977":  
22

23 TABLE OF CONTENTS

24 TITLE I -- GENERAL PROVISIONS

25 Sec. 101. Declaration of policy.

Sec. 102. Definitions.

TITLE II -- LOCAL RAIL SERVICE CONTINUATION

Sec. 201. Planning authorization.

Sec. 202. Planning. Data and information.

Sec. 203. Local rail service assistance.

Financial assistance.

TITLE III -- ACQUISITION OF RAIL PROPERTIES

Sec. 301. Acquisition and necessity.

Sec. 302. Sale or lease; purpose.

Sec. 303. Interstate Commerce Commission Certificate.

Sec. 304. Condemnation.

Sec. 305. Condemnation procedure.

Sec. 306. Title to property of railroads.

Sec. 307. Sale of rail properties.

Sec. 308. Cooperation between states.

Sec. 309. Cooperation between the department and local governmental units.

Sec. 310. Federal funds; appropriations.

Sec. 311. Department authorized to apply for federal loans.

1  
2  
3 Sec. 312. Delinquent railroad taxes.

4 Sec. 313. Purchase of rolling stock, equipment,  
5 and machinery.

6 Sec. 314. Rebuilding, modernization, and main-  
7 tenance of rail properties.

8 Sec. 315. Authorization to contract to improve  
9 rail transportation service.

10 Sec. 316. Disposition of acquired rail properties.

11 Sec. 317. Special railroad fund established.

12 Sec. 318. Appropriation and order for use of  
13 special railroad fund.

14  
15 TITLE IV -- APPROPRIATIONS

16 Sec. 401. Appropriation for state rail plan.  
17 Federal funds.

18 Sec. 402. Appropriation for state rail plan.  
19 State general fund.

20 Sec. 403. Expenditure of appropriations. Priority.

21 Sec. 404. Appropriation for local rail service  
22 assistance. Federal funds.

23 Sec. 405. Appropriation for local rail service  
24 assistance. State general funds.

25 Sec. 406. Expenditure of appropriations. Method.



## TITLE V -- MISCELLANEOUS PROVISIONS

Sec. 501. Rules and regulations.

Sec. 502. Transfer.

Sec. 503. Severability.

Sec. 504. Effective date.

## TITLE I -- GENERAL PROVISIONS

## DECLARATION OF POLICY

Sec. 101. (a) Purpose. It is the purpose of the Legislature in this Act to provide the means to plan for the present and future railroad transportation needs of the citizens of Montana, and to enable the State of Montana to cooperate with the Federal Railroad Revitalization and Regulatory Reform Act of 1976.

(b) Policy. It is hereby declared to be the policy of the Legislature in this Act that adequate, safe, and efficient transportation facilities and services of all modes are essential to the economic growth of the state and the wellbeing of its people, and that the planning and development of such facilities and services should be coordinated in an agency of

state government.

## DEFINITIONS

Sec. 102. As used in this Act, unless the context otherwise indicates, the term --

(1) "Designated state agency" means and includes the department of community affairs as the instrumentality created by the State or designated by appropriate authority to administer or coordinate its state rail plan as required by section 5(j)(2) of the Department of Transportation Act (49 U.S.C. 1654), or regulations promulgated pursuant thereto;

(2) "Department" means the department of community affairs of Montana as created under RCM, 1947, 82A-901;

(3) "railroad" means a common carrier by railroad or express, as defined in section 1(3) of the Interstate Commerce Act (49 U.S.C. 1(3)) and section 72-101.1, RCM, 1947;

(4) "includes" and variants thereof should be read as if the phrase "but is not limited to" were also set forth;

(5) "Person" means individuals, corporations,

partnerships, or foreign and domestic associations including railroads;

(6) "rail properties" means assets or rights, owned, leased, or otherwise controlled by a railroad or other person which are used, or useful, in rail transportation service; and

(7) "rail service" means both freight and passenger service.

## TITLE II -- LOCAL RAIL SERVICE CONTINUATION

### PLANNING

Sec. 201. Authorization. The department is hereby authorized to exercise those powers necessary for the State to qualify and become eligible to receive rail service assistance pursuant to the provisions of the Federal Railroad Revitalization and Regulatory Reform Act of 1976, including authority;

(1) to establish a state plan for rail services in Montana as part of an overall planning process for all transportation services in the State;

(2) to administer, coordinate, update, revise, and amend the state plan;

(3) to provide in the plan for the equitable distribution of federal rail service financial assistance;

(4) to develop, promote, supervise, and support safe, adequate, and efficient rail transportation services;

(5) to employ sufficient trained and qualified personnel for these purposes;

(6) to maintain adequate programs of investigation, research, promotion, and development in connection with such purposes and to provide for public participation therein;

(7) to cooperate with other State agencies to take all practicable steps to improve transportation safety and to reduce transportation-related energy utilization and pollution;

(8) to provide satisfactory assurances on behalf of the State that it will adopt and maintain such fiscal control and fund accounting as may be necessary to assure proper use of Federal funds;

(9) to comply with the regulations of the Secretary of Transportation of the United States Department of Transportation affecting federal rail service assistance programs; and

(10) to do all things otherwise necessary to maximize

federal assistance to the State under Title V and/or Title VIII of the Federal Railroad Revitalization and Regulatory Reform Act of 1976.

Sec. 202. Data and Information. Access. The department in performing its planning function is authorized to request any railroad to provide such data and information as are necessary for the planning process. Railroads operating within Montana shall provide such information within sixty (60) days of the date of the request. Should the railroad fail to provide such information the department is hereby granted subpoena power for securing these data.

#### LOCAL RAIL SERVICE ASSISTANCE

Sec. 203. Financial Assistance. (a) the department is hereby authorized to provide financial assistance, within the limits of the funds appropriated for this purpose, through a rail freight assistance program that is designed to cover:

- (1) the cost of rail service continuation payments;
- (2) the cost of purchasing a line of railroad or other rail properties to maintain existing or pro-



vide for future rail service;

(3) the cost of rehabilitating and improving rail properties on a line of railroad to the extent necessary to permit adequate and efficient rail service on such line; and

(4) the cost of reducing the costs of lost rail service in a manner less expensive than continuing rail service.

(b) The department is hereby authorized to provide financial assistance, within the limits of the funds appropriated for this purpose, for the continuation of operations and maintenance of any railroad within Montana as provided for in the Railroad Revitalization and Regulatory Reform Act of 1976, or other relevant federal legislation. The department may also act as the agent of the state in cooperation with any local or regional transportation authority, local governmental units, any group of rail users, or any person, and the federal government in any rail service assistance and continuation program.

(c) The department is hereby authorized to provide financial assistance by utilization of the federal local rail service assistance funds available under



the provisions of the Railroad Revitalization and Regulatory Reform Act of 1976.

### TITLE III -- ACQUISITION OF RAIL PROPERTIES

Sec. 301. Acquisition and Necessity. (a) The department, as sole agent for the State, may acquire by purchase or condemnation or otherwise any portion or portions of any rail properties. In addition, the department may acquire any other non-rail property found by the department to be necessary for the operation of a railroad.

(b) The authority to acquire rail properties extends to rail properties both within and not within the jurisdiction of the Interstate Commerce Commission. It also includes rail properties within the purview of the Railroad Revitalization and Regulatory Reform Act of 1976 and any other relevant federal legislation.

(c) The acquisition of the rail properties by the department shall be for the purpose of the continued and future operation of a railroad deemed to be in the public interest. The acquisition of the rail properties, and other non-rail property, is declared to be a public purpose and to be reasonably necessary. This action

1  
2  
3 may be taken in concert with another State or States  
4 as necessary to insure continued rail service in  
5 Montana.

6  
7 Sec. 302. Sale or Lease; Purpose. The department  
8 may sell, transfer, or lease, all, or any part, of  
9 the rail properties acquired under the provisions  
10 of this section to any responsible person, firm, or  
11 corporation for continued operation of a railroad,  
12 or other public purpose, provided that approval  
13 for the continued operation, or other public purposes,  
14 is granted by the Interstate Commerce Commission of  
15 the United States, whenever approval is required.  
16 The sale, transfer, or lease shall be for a price,  
17 and subject to any further terms and conditions  
18 which the department feels are necessary and appro-  
19 priate to effectuate the purpose of this Act.

20 Sec. 303. Interstate Commerce Commission Certi-  
21 ficate. After acquiring any railroad lines within  
22 the State, the department shall assist any respon-  
23 sible person, firm, or corporation to secure, as  
24 promptly as possible, any order or certificate re-  
25 quired by the Interstate Commerce Commission for the

performance of railroad service. The department shall also give any assurances guarantees which are necessary or desirable to carry out the purposes of this Act.

Sec. 304. Condemnation. If the department is unable to acquire necessary rail properties by purchase or otherwise, it may proceed to condemn all or any portion of such rail properties. In all condemnation proceedings, the legislative determination set forth in this Act that the acquisition is for a public purpose and is reasonably necessary is prima facie evidence of the purpose and necessity.

Sec. 305. Condemnation Procedure. The procedure for any necessary condemnation proceedings is set forth in RCM, 1947, 93-99.

Sec. 306. Title of Property of Railroads. The department may take whatever steps are necessary in order to determine the ownership of all rail properties of any railroad within the State. The determination may include the status of the rail properties with respect to easements, rights-of-way, leases,

1  
2  
3 reversionary rights, fee simple title ownership, and  
4 any and all related title matters. The department  
5 may retain attorneys, experts, or other assistants  
6 as is necessary to make the title determination.

7  
8 Sec. 307. Sale of Rail Properties. All rail pro-  
9 perties within the State offered for sale by any  
10 railroad after June 30, 1978 shall be offered for  
11 sale to the State in the first instance before they  
12 are offered for sale to any other party.

13 Sec. 308. Cooperation between States. The depart-  
14 ment may cooperate with other States in connection  
15 with the purchase of any rail properties within this  
16 State. The department may also acquire trackage  
17 rights in other States and rail properties in other  
18 States in order to carry out the intentions and pur-  
19 poses of this Act. In carrying out the authority  
20 conferred by this section, the department may enter  
21 into general contractual arrangements, including  
22 joint purchasing and leasing of rail properties with  
23 other States.

24  
25 Sec. 309. Cooperation between the Department and

Local Governmental Units. In weighing the varied interests of the residents of this State, the department shall give consideration, as best as the situation allows, to the individual interest of any county, city, village, or town expressing a desire to acquire a portion, or all, of the abandoned real estate located within its jurisdiction. The department may exercise its powers under this Act to acquire the abandoned property for subsequent conveyance to the county, city, village, or town.

Sec. 310. Federal funds; Appropriations. The department may apply for, accept, and administer federal funds, grants, gifts, or donations which are available, and any sums that are appropriated, in carrying out the purposes of this act. The department may also apply for discretionary or other funds available under the provisions of the Railroad Revitalization and Regulatory Reform Act of 1976, or other federal programs.

Sec. 311. Department Authorized to Apply for Federal Loans. The department may apply for rehabilitation



1  
2  
3 and improvement financing pursuant to and under the  
4 provisions of Title V of the Railroad Revitalization  
5 and Regulatory Reform Act of 1976, or any other  
6 federal programs, within the limit of funds appro-  
7 priated for those purposes.

8  
9 Sec. 312. Delinquent Railroad Taxes. In addition  
10 to any other funds available to carry out the purposes  
11 of this act, there are appropriated, and the depart-  
12 ment may utilize, any delinquent state taxes from  
13 any railroad entity, and the interest due on taxes  
14 to the date of acquisition, as an offset against the  
15 purchase cost of any rail properties purchased from  
16 that railroad entity.

17  
18 Sec. 313. Purchase of Rolling Stock, Equipment,  
19 and Machinery. The department is authorized to  
20 acquire any railroad rolling stock, equipment, and  
21 machinery necessary for the operation and maintenance  
22 of the State, with any funds made available for this  
23 purpose. The department may also acquire, and have  
24 available, a pool of equipment and machinery which  
25 may be utilized by the operators of the rail properties



for the purpose of track maintenance, and other related railroad activities, upon terms and conditions determined by the department.

Sec. 314. Rebuilding, Modernization, and Maintenance of Rail Properties. The department may contract for the rebuilding of any rail properties acquired pursuant to this act, within the provisions of the Railroad Revitalization and Regulatory Reform Act of 1976, or any other appropriate legislation. The department may also spend any sums appropriated, as well as any other available funds, for the modernization and rebuilding of any rail properties owned by the State or by a private carrier. The department may do any maintenance on any rail properties owned by the State as is necessary in the public interest.

Sec. 315. Authorization to Contract to Improve Rail Transportation Service. The department may contract with any person, firm, corporation, agency, or governmental unit to provide, maintain, or improve rail transportation service on the rail properties acquired by the State under this act.

1  
2  
3     Sec. 316.   Disposition of Acquired Rail Properties.

4     Whenever the department determines that any rail  
5     properties acquired by the State are no longer needed  
6     for railroad purposes, it may permanently or tempo-  
7     rarily transfer the rail properties to any other  
8     state department or agency, or political subdivision  
9     of the State, which shall utilize the properties for  
10    a public purpose. Whenever more than one department  
11    or agency, or political subdivision, wishes to  
12    utilize the property, the department shall resolve  
13    such a conflict and make a prompt determination of  
14    the reasonable and proper order of priority, taking  
15    into consideration any applicable state plans,  
16    policies, or objectives. If no state departments or  
17    agency, or political subdivision, wants the properties,  
18    the department may sell them, with the proceeds de-  
19    posited to the special railroad fund established by  
20    section 317 to this act. A public hearing is required  
21    prior to the transfer or sale of any rail properties  
22    by the department.

23     Sec. 317.   Special Railroad Fund Established. The  
24     state treasurer shall establish a general transpor-  
25     tation fund, to be known as the Special Railroad  
    Fund. He shall deposit in the account the proceeds

from the sale or lease of any rail properties, any income derived by the department as a result of action taken pursuant to the provisions of this act, and any special gifts, grants, or donations given to carry out the purposes of this act.

Sec. 318. Appropriation and Order of Use of Special Railroad Fund. Any monies deposited in the Special Railroad Fund, established under section 317 of this act, shall be expended by the department only for the following purposes, and in the following listed order of priority:

(1) to amortize and pay interest on any outstanding bonds or loans; and

(2) to purchase or pay for the operation and maintenance of transportation properties under the provisions of this act.

#### TITLE IV -- APPROPRIATIONS

##### STATE RAIL PLAN

Sec. 401. Appropriation for State Rail Plan. Federal Funds. Pursuant to the provisions of section 310 of

1  
2  
3 this act, there is hereby appropriated to the de-  
4 partment of community affairs all federal funds and  
5 grants available to the State under the Railroad  
6 Revitalization and Regulatory Reform Act of 1976,  
7 to be used by the department in implementing the  
8 state rail plan provisions of section 201 of this  
9 act.

10 Sec. 402. Appropriation of State Rail Plan. State  
11 General Fund. There is hereby appropriated to the  
12 department of community affairs from the state general  
13 fund fifty thousand dollars (\$50,000) during the  
14 fiscal year 1977-1978 and fifty thousand dollars  
15 (\$50,000) during the fiscal year 1978-1979, to be  
16 used by the department in implementing the state rail  
17 plan provisions of section 201 of this act.

18 Sec. 403. Expenditure of Appropriations. Priority.  
19 Any moneys appropriated by section 402 or 402 shall  
20 be expended by the department only for the purpose  
21 of establishing a state rail plan adequate to meet  
22 the requirements of the Railroad Revitalization and  
23 Regulatory Reform Act of 1976, and in the following  
24 listed order of priority:

25 (1) first, all federal funds and grants provided

for by sections 310 and 401 of this act; and then  
(2) state general funds provided for by section  
402 of this act.

#### LOCAL RAIL SERVICE ASSISTANCE

Sec. 404. Appropriation for Local Rail Service Assistance. Federal Funds. There is hereby appropriated to the department of community affairs all federal funds and grants available, and becoming eligible to Montana, under the provisions of section 803 of the Railroad Revitalization and Regulatory Reform Act of 1976, as that statute pertains to local rail service assistance.

Sec. 405. Appropriation for Local Rail Service Assistance. State General Funds. There is hereby appropriated to the department of community affairs six hundred thousand dollars (\$600,000) to be used by the department in implementing the provisions, other than state rail planning, of this act and section 803 of the Railroad Revitalization and Regulatory Reform Act of 1976.

Sec. 406. Expenditure of Assistance Appropriations.



Method. For the purpose of local rail service assistance, moneys authorized and appropriated hereinunder sections 404 and 405 shall be expended on a percentage basis as shown in section 803 of the Railroad Revitalization and Regulatory Reform Act of 1976.

## TITLE V -- MISCELLANEOUS PROVISIONS

Sec. 501. Rules and Regulations. The department shall promulgate rules and regulations consistent with and for the purpose of adequately implementing the foregoing subdivisions of this act.

Sec. 502. Transfer. In the event that there is created a state department of transportation, the duties, functions, responsibilities, and appropriations contained in this act are, and will be, transferred to such department of transportation. The effective date of such transfer will be the effective date upon which such state department is created.

Sec. 503. Severability. If any provision of this act or its application is held invalid, or if funding is not provided, such does not effect other



provisions or applications of the act which can be  
 given effect without the invalid provision or appli-  
 cation or funding, and to this end the provisions of  
 this act are severable.

Sec. 504. Effective Date. This act takes effect  
 upon passage.

\_\_\_\_\_  
 President of the Senate

\_\_\_\_\_  
 Speaker of the House

Approved: \_\_\_\_\_

\_\_\_\_\_  
 Governor of the State of  
 Montana

APPENDIX B

FLOWCHART OF PLAN ACTIVITIES



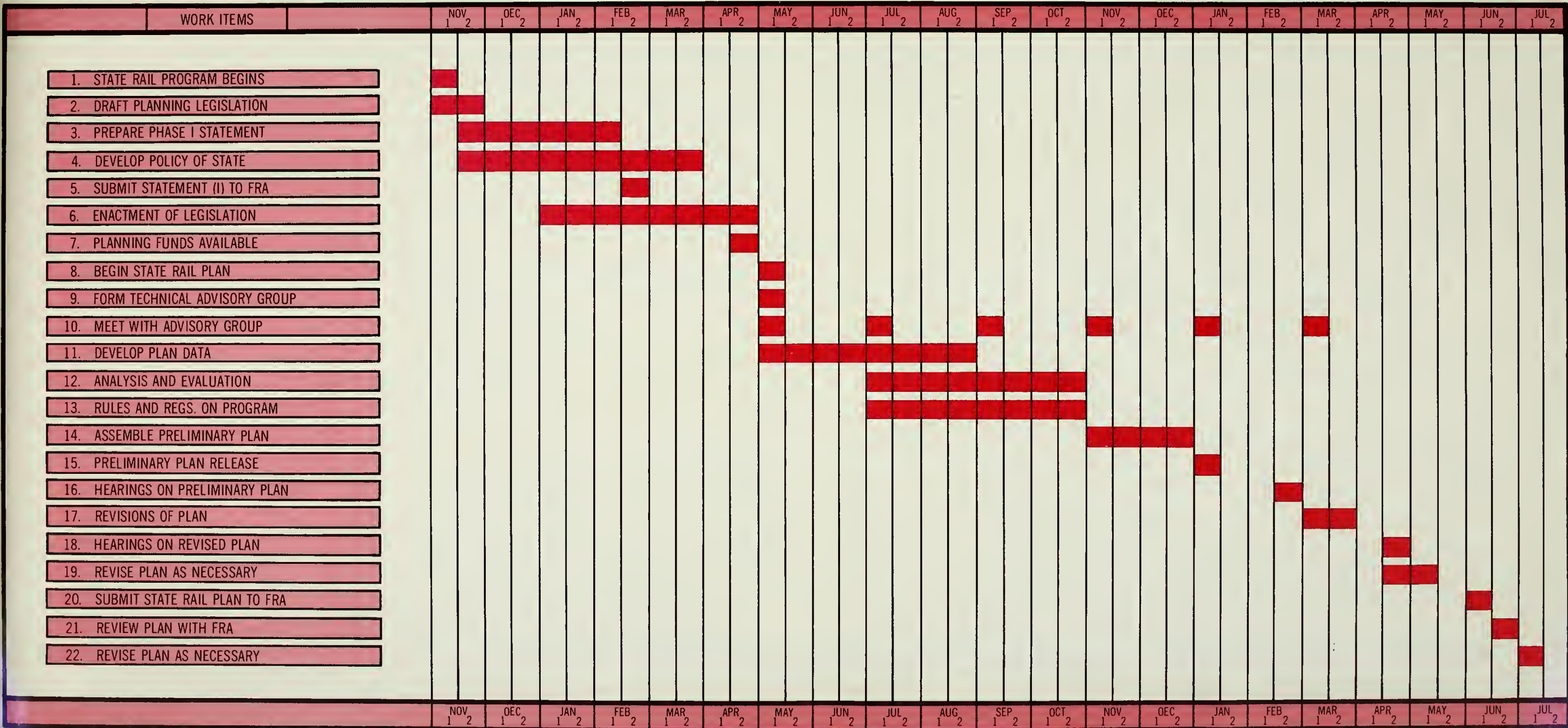
# MONTANA STATE RAIL PLAN WORK PLAN

1976

1977

1978

TWO WEEK PERIODS







APPENDIX C

PLANNING PERSONNEL VITAE





GENE J. CARROLL  
DIRECTOR OF RAIL PLANNING  
STATE OF MONTANA

Education:

Iowa State College  
Golden Gate University - San Francisco

Honoraries:

Delta Nu Alpha, Chapter 48, Past President

Societies:

American Society of Traffic and Transportation,  
CERTIFIED MEMBER (1967)

Associations:

Association of Interstate Commerce Commission  
Practitioners

License:

Registered Practitioner Before the Interstate  
Commerce Commission (1964)

Director of Rail Planning since creation of the Office  
on September 10, 1976

Type of Work Performed:

Montana Department of Agriculture, 1973-1976:

Administrator, Marketing and Transportation  
Division.

Responsible for the agricultural transportation  
program to represent Montana agriculture in all  
transportation matters.

North Dakota Public Service Commission, 1969-1973:

Director of Traffic Department. Staff assistance to the Commission in all transportation matters.

Del Monte Corporation, 1967-1969:

Supervisor of Transit Operations.

Union Pacific Railroad Company, 1949-1967:

Sales Representative; Chief Rate Clerk; Rate Analyst (1957-1967).

Solicited freight traffic including domestic, intermodal and international. Provided field contact for industrial development, rate adjustments, and equipment requests. Researched and prepared rate adjustment proposals. Maintained tariff files and quoted rates. Analyzed sales reports and prepared sales and marketing forecasts.

Crew Caller; Yard Clerk; Diversion Clerk; Bill Clerk (1949-1957). All duties and responsibilities of yard clerical forces of Transportation Division.

R. BYRON ROBERTS

93

Assistant Administrator

EDUCATION

College of Great Falls, Great Falls, Montana--Bachelor of Arts Degree in Sociology;  
Various Planning and Transportation short courses.

RECENT RESPONSIBILITIES

- Directed Montana's portion of 1972, 1974 and 1976 multi-modal National Transportation Studies for U.S. Department of Transportation;
- Designed and directed Montana public transportation technical studies program;
- Management of UMTA Section 5 transit grant program, including responsibility for distribution of \$4.2 million to urbanized areas in Montana for transit capital and operational subsidies;
- Administration of UMTA Section 16(b)(2) elderly and handicapped capital grants program;
- FHWA Rural Highway Transportation Demonstration program.

PREVIOUS POSITIONS

- Chief, State Land Use Planning Bureau, Division of Planning, DCA:  
Directed the development of a land use policy for the State of Montana;
- Senior Planner, Division of Planning, DCA: Directed a staff of eight people in the provision of technical planning services to planning boards and communities throughout the state;
- Small, Cooley & Associates, Inc.: Work included involvement in urban transportation planning and land use planning and engineering contracts for communities in Montana and Colorado;
- Montana Highway Department, Planning and Research Bureau: Responsibilities included the inventory and analysis of traffic problem areas throughout the state.

PROFESSIONAL DATA

- Montana Association of Planners (Past President);
- American Society of Planning Officials;
- Represented state on committee for development of Montana Highway Action Plan;
- Technical committee for preparation of the State Airport Systems Plan;
- Technical advisory committee for development of statewide highway functional classification and needs study;
- Highway impact evaluation group for reducing economic, environmental and social impacts of highway location and design.

R. THOMAS DUNDAS, JR.

Assistant Administrator, Research and Information Systems

### EDUCATION

University of Graz, Austria  
Goethe Institute, Blaubeuren, Germany  
Montana State University, Bozeman  
Alexander Hamilton Institute  
Special Training, Computer Concepts for Management at IBM General Purpose Systems

### RECENT RESPONSIBILITIES

- Organized and developed Montana State Information System, the primary statistical agency in Montana government;
- Developed the first state statistical center in the United States to handle the 1970 Census magnetic tapes;
- Responsible for the development of two computer mapping systems for use with physical, social and economic data;
- Responsible for the development of Montana's Federal Aid Monitor System for monitoring and reporting the status of grants and requests for grants by agencies within Montana.

### PREVIOUS POSITIONS

- Branch Manager of Management Technology, within the Information Sciences Directorate of Information Systems Division, Huntington Beach, California;
- Supervisor of Operations Research group, Space and Informations Systems Division of NAA, Downey, California;
- Administrator of Business Systems, Ocean Systems Operations Division of NAA;
- Manager of Program Planning and Control on Mobile ASW Target Program (MASWTP), Ocean Systems Operations Division of NAA, Anaheim, California.

### PROFESSIONAL DATA

- U.S. Bureau of Census Advisory Committee on Privacy and Confidentiality;
- Bureau of Economic Analysis Advisory Committee on Migration Data;
- Institute of Management Science.

BRUCE W. FINNIE

95

Economist

EDUCATION

University of Nebraska, Lincoln

PhD in Economics

Emphasis included regional economics, quantitative economics and spatial theory/industrial location analysis.

Augustana College, Sioux Falls, South Dakota

Bachelor of Science Degree in economics and mathematics.

RECENT RESPONSIBILITIES

--Research and Information Systems Division, State of Montana, Helena, economist;

--Co-author, Governor's Economic Report, the Montana Futures Process (MFP) simulation system, Medicaid Budget Forecasting Model and relating economic studies.

--Guest lectures on econometric modeling and regional analysis at Montana State University, Bozeman.

PREVIOUS POSITIONS

--University of Nebraska, Lincoln, Teaching Assistant;

--Department of Manpower Services, Minneapolis, Minnesota, Claims adjuster;

--Augustana College, Sioux Falls, S.D., Research Assistant. Assisted in programming and statistical analysis on various research topics.



JERRY C. FLEMING

Economist

EDUCATION

Stanford Graduate School of Business--Masters in Business Administration. Studies emphasized decision sciences, cost accounting and marketing research and modeling.

Recipient of California State Fellowship and Public Management Fellowship.

University of California at Davis. Bachelor of Science degree in mathematics.

Bachelor of Arts Degree in Economics. Emphasis in statistics and computer science. Graduated with highest honors.

RECENT RESPONSIBILITIES

--State of Montana, Department of Community Affairs, economist. Responsible for economic analysis and development of techniques to determine the impact of coal development on the region's economy. Co-author of the Montana Futures Process, a simulation model for population and employment. Co-author of the Economic Report to the Governor, a biennial report presented to the legislature by the Governor. Position required presentations to interested groups and coordination with several agencies.

PREVIOUS POSITIONS

--State of California, Department of Commerce. Summer internship for Public Management Program. Developed a growth industries study for direction of agency activities.

PROFESSIONAL DATA

--Proficient in three computer languages. Graduated from high school in 1969 as Valedictorian.

A. J. RICHARDSON

97

Transportation Planner

EDUCATION

Surveying and mapping training and experience;  
Montana registered professional engineer and land surveyor;  
Studied structural engineering, Wilson Engineering Corporation, Cambridge,  
Mass., extension course;  
Studied public works administration and city management with ICMA;  
U.S. Air Force Institute courses in civil engineering, computerization  
techniques for maintenance engineering and communication methods, Dayton,  
Ohio.

RECENT RESPONSIBILITIES

--Transportation planner, planning and administration of transportation for  
elderly and handicapped statewide under Department of Transportation, Urban  
Mass Transportation Administration 16(b) (2) program;  
--Participates in UMTA Technical Studies program, technical assistance and  
state policy development.

PREVIOUS POSITIONS

--Topographer, State Water Conservation Board;  
--Field Engineer, U.S. Army Corps of Engineers;  
--Highway Location Engineer, Canol Project  
--Field Engineer;  
--Design Engineer;  
--Assistant City Engineer, Great Falls;  
--City Engineer, Great Falls;  
--Contract Modifications Engineer, Fuller-Webb Co., Minuteman Missiles;  
--Cascade County Surveyor;  
--Design and Project preparation and programming and planning engineer,  
Malmstrom AFB

PROFESSIONAL DATA

--American Public Works Association;  
--National Association of County Engineers;  
--American Congress on Surveying and Mapping;  
--Montana Society of Engineers;  
--Montana Association of Planners



APPENDIX D

PROPOSED PLANNING BUDGET



PROPOSED PLANNING BUDGET

FOR A

MONTANA STATE RAIL PLAN

---

Federal Funding FY's 1976-1977-1978  
State Funding FY's 1978-1979

---

With this Phase I statement Montana will qualify and become eligible for Federal planning assistance as appropriated for fiscal years 1976<sup>17/</sup> and 1977. Further, planning assistance will become available for fiscal year 1978. Based on a minimum one-percent (1%) entitlement for planning assistance, Federal funds in the amount of \$150,000 will be budgeted for that purpose.

Montana general fund appropriation of \$50,000 for each fiscal year, 1978 and 1979, will be made to complete and continue the process.

A total budget of \$250,000 is proposed for use of the designated agency during the period May 1, 1977 to June 30, 1979.

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<sup>17/</sup> Funds not to exceed \$5,000,000 are authorized for State rail planning assistance for the fiscal year ending June 30, 1976. An appropriation of \$5,000,000 to remain available until expended has been provided (Pub. L. 94-303).



The following itemized planning budget is respectfully submitted based upon the following assumptions:

(1) that the submitted Phase I Planning Work Statement will be accepted;

(2) that Montana will qualify for fiscal year 1976 and fiscal year 1977 Federal Planning assistance funds;

(3) that Montana will further qualify for fiscal year 1978 Federal planning assistance funds; and

(4) that the Montana planning process will be an on-going program to provide up-dates as required.

# PART III – BUDGET INFORMATION

Page 1

OMB NO. 80-RQ-186

## SECTION A – BUDGET SUMMARY

Grant Program, Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. State Rail Planning	20.300	\$	\$	\$ 100,000	\$	\$ 100,000
2.						
3.						
4.						
5. TOTALS		\$	\$	\$ 100,000	\$	\$ 100,000

## SECTION B – BUDGET CATEGORIES

Object Class Categories	Grant Program, Function or Activity				Total (5)
	(1)	(2)	(3)	(4)	
a. Personnel	\$	\$	\$	\$	\$ 60,000
b. Fringe Benefits					7,800
c. Travel					8,000
d. Equipment					1,500
e. Supplies					2,700
f. Contractual					20,000
g. Construction					
h. Other					
i. Total Direct Charges					
j. Indirect Charges					
k. TOTALS	\$	\$	\$	\$	\$ 100,000
7. Program Income	\$	\$	\$	\$	\$

# PART III – BUDGET INFORMATION

Page 2

OMB NO. 80-RO186

104

## SECTION C – NON-FEDERAL RESOURCES

(a) GRANT PROGRAM	(b) APPLICANT	(c) STATE	(d) OTHER SOURCES	(e) TOTALS
8.	\$	\$	\$	\$
9.				
10.				
11.				
12. TOTALS	\$	\$	\$	\$

## SECTION D – FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 100,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
14. Non-Federal					
15. TOTAL	\$ 100,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

## SECTION E – BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) GRANT PROGRAM	FUTURE FUNDING PERIODS (YEARS)			
	(b) FIRST	(c) SECOND	(d) THIRD	(e) FOURTH
16. State Rail Planning 20.300	\$ 50,000	\$	\$	\$
17.				
18.				
19.				
20. TOTALS	\$ 50,000	\$	\$	\$

## SECTION F – OTHER BUDGET INFORMATION

(Attach additional Sheets if Necessary)

21. Direct Charges:

22. Indirect Charges:

23. Remarks:

## MONTANA STATE RAIL PLAN

Period November 1, 1976 to June 30, 1979

Line No.	Work Item	Federal <sup>a/</sup> Funds (\$) (000) (1)	State <sup>b/</sup> Funds (\$) (000) (2)
1.	Administration	40	20
2.	Draft Planning Legislation	.5	
3.	Prepare Phase I Statement	5	
4.	Develop Policy of State	5	
5.	Meet With Advisory Group	1	
6.	Develop Plan Data	35	15
7.	Analysis & Evaluation	35	15
8.	Rules & Regulations	5	
9.	Assemble Preliminary Plan	10	
10.	Hearing on Prel. Plan	1	
11.	Revisions of Plan	5	
12.	Hearing on Revised Plan	1	
13.	Revisions	2.5	
14.	Review Plan with F.R.A.	1	
15.	Final Revisions	2.5	
16.	Updating, Revising, Amend	<hr/>	<hr/> 50
		149.5	100

<sup>a/</sup> Sec. 803 Planning Assistance.<sup>b/</sup> Montana State General Fund Appropriation.

## PART II

OMB Approval No. 29-R0218

## PROJECT APPROVAL INFORMATION

Item 1.

Does this assistance request require State, local, regional, or other priority rating?

\_\_\_\_ Yes ☒ No

Name of Governing Body \_\_\_\_\_

Priority Rating \_\_\_\_\_

Item 2.

Does this assistance request require State, or local advisory, educational or health clearances?

\_\_\_\_ Yes ☒ No

Name of Agency or Board \_\_\_\_\_

(Attach Documentation)

Item 3.

Does this assistance request require clearinghouse review in accordance with OMB Circular A-95?

☒ Yes \_\_\_\_\_ No

(Attach Comments)

Item 4.

Does this assistance request require State, local, regional or other planning approval?

\_\_\_\_ Yes ☒ No

Name of Approving Agency \_\_\_\_\_

Date \_\_\_\_\_

Item 5.

Is the proposed project covered by an approved comprehensive plan?

\_\_\_\_ Yes ☒ NoCheck one: State ☐Local ☐Regional ☐

Location of Plan \_\_\_\_\_

Item 6.

Will the assistance requested serve a Federal installation?

\_\_\_\_ Yes ☒ No

Name of Federal Installation \_\_\_\_\_

Federal Population benefiting from Project \_\_\_\_\_

Item 7.

Will the assistance requested be on Federal land or installation?

\_\_\_\_ Yes ☒ No

Name of Federal Installation \_\_\_\_\_

Location of Federal Land \_\_\_\_\_

Percent of Project \_\_\_\_\_

Item 8.

Will the assistance requested have an impact or effect on the environment?

\_\_\_\_ Yes ☒ No

See instructions for additional information to be provided.

Item 9.

Will the assistance requested cause the displacement of individuals, families, businesses, or farms?

\_\_\_\_ Yes ☒ No

Number of:

Individuals \_\_\_\_\_

Families \_\_\_\_\_

Businesses \_\_\_\_\_

Farms \_\_\_\_\_

Item 10.

Is there other related assistance on this project previous, pending, or anticipated?

\_\_\_\_ Yes ☒ No

See instructions for additional information to be provided.

APPENDIX E

OPINION OF APPLICANT'S LEGAL COUNSEL







State of Montana  
Office of The Governor  
Helena 59601

THOMAS L. JUDGE  
GOVERNOR

February 1, 1977

File No.: 216.120114194

Mr. Asaph H. Hall, Administrator  
Federal Railroad Administration  
Department of Transportation  
400 Seventh Street S.W.  
Washington, D.C. 20590


Dear Mr. Hall:

SUBJECT: 49 C.F.R. 266.13(b)(7); Opinion of Legal  
Counsel to Applicant for Planning Assistance.

Please accept this as notification that the undersigned is legal counsel to applicant OFFICE OF RAIL PLANNING, STATE OF MONTANA, that I am knowledgeable of the application and planning statement herewith submitted, that I have reviewed the rules and regulations of the Administrator under 49 C.F.R., Chapter II, Part 266, and submit the following opinion:

I am familiar with the corporate or other organizational powers of the applicant, that the applicant is authorized to make the application, that the applicant is eligible to receive rail service assistance under the requirements of the Act and of Part 266, 49 C.F.R., and that the applicant has the requisite authority to carry out actions proposed in the application and to assume the responsibilities and obligations created thereby.

Respectfully submitted,

s.   
D. ROBERT LOHN  
Assistant General Counsel

ca

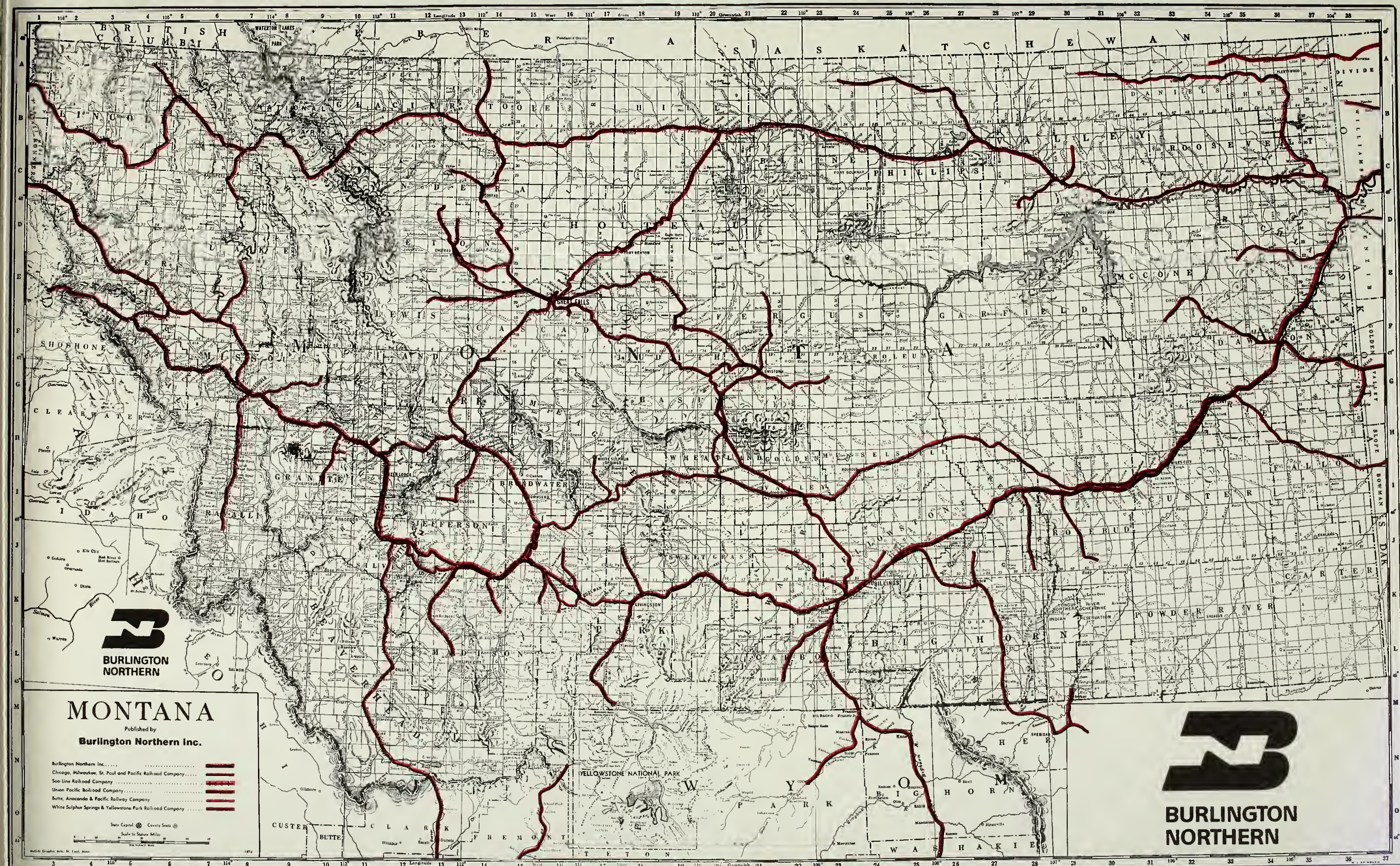


APPENDIX F

RAILROAD MAP OF MONTANA











APPENDIX G

FINANCIAL CONTROL OF FEDERAL FUNDS



Assurance is given that the Department of Community Affairs has the technical and staff capability through its Centralized Service Division to properly account for all state and federal revenues.

That Division is responsible for budgeting and accounting for all federal programs and for fiscal control of approximately \$20 million dollars annually.

The Division is broken down into two Bureaus: The Financial Bureau and the Systems and Audit Bureau.

The Financial Bureau is responsible for all general fiscal functions of the Department including routine personnel functions, budgeting and accounting. All funds received and expended are processed through the computerized statewide budgeting and accounting system.

The Systems and Audit Bureau is responsible for developing new accounting systems as required by various state and federal grant programs. This Bureau is also responsible for periodic audits of all federal grant programs administered by the Department.

Various state and federal program managers within the Department also work closely with personnel of the Systems and Audit Bureau in performance evaluation of all federal grant programs.

The legislative audit committee of the State of Montana has the responsibility for assuring a high standard of fiscal control. A recent audit of Departmental capabilities performed at the request of this committee in October 1976, by the firm of Newland, Horn and Taylor, PST, CPA's, indicated that all federal grant funds were properly accounted for and that "the Department has complied with the terms of the grant contracts".

APPENDIX H

EXECUTIVE ORDER NO. 7





STATE OF MONTANA  
Office of the Governor  
Executive Order No. 7-76

An Executive Order Directing the Implementation  
and Maintenance of a State Rail Plan  
in State Government

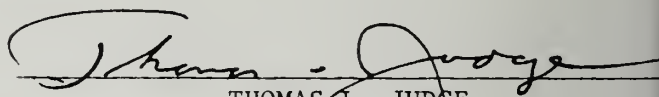
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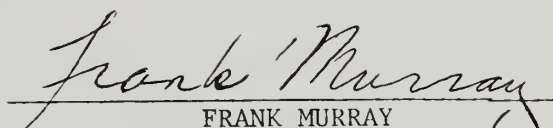
I, THOMAS L. JUDGE, Governor of the State of Montana, pursuant to the authority vested in me by the Constitution and laws of the State of Montana, hereby direct the institution, implementation, and maintenance of a State Rail Plan Program for the citizens of Montana. To that end, I hereby create, within the Office of the Governor of the State of Montana, the Office of Director of Rail Planning for Montana.

It shall be the duty of the Director of Rail Planning for Montana to prepare and submit to the Governor a State Rail Plan Program in compliance with the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210) and the regulations promulgated thereunder (49 C.F.R. 266). In preparing such plan, the Director of Rail Planning for Montana shall receive full cooperation from the several departments of the Government of the State of Montana. Additionally, the Director of Rail Planning for Montana shall monitor and maintain the State Rail Plan Program and submit a report thereon semi-annually to the Governor beginning on January 1, 1977.

IN WITNESS WHEREOF, I have hereunto  
 set my hand and caused the GREAT SEAL  
 OF THE STATE OF MONTANA to be affixed.  
 DONE at the City of Helena, the Capital,  
 this thirteenth day of September,  
 in the year of our LORD, one thousand  
 nine hundred and seventy-six.

ATTEST:

  
 THOMAS L. JUDGE  
 Governor

  
 FRANK MURRAY  
 Secretary of State

By   
 Chief Deputy

5410

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